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USDOC FOR 3131/USFCS/OIO/ANESA/KREISSL
USDOC FOR 4530/MAC/ANESA/OSA
ICE HQ FOR STRATEGIC INVESTIGATIONS
STATE FOR EB/ESP

E.O. 12958: N/A

TAGS: [ETTC](#) [ETRD](#) [BEXP](#) [IN](#)

SUBJECT: EXTRANCHECK: PRE-LICENSE CHECK: ZETATEK INDUSTRIES LTD.,
HYDERABAD, LICENSE NO. D374611

REF: USDOC 04017

¶1. Unauthorized disclosure of the information provided below is prohibited by Section 12(c) of the Export Administration Act.

¶2. Export Control Officer (ECO) Paul Cushman and BIS FSN Prem Narayan conducted a Pre-license Check (PLC) at Zetatek Industries Ltd. (ZIL), Hyderabad, on May 23, 2007.

¶3. BIS requested a PLC at ZIL, a private sector company, located at: Plot No. D-31, Technocrats Industrial Estate, Balangar, Hyderabad 500037, Tel: 91-40-2372-1000, Fax: 91-40-2372-0305, email:rskumar@zetatekindia.com, website: www.zetatekindia.com. ZIL was listed as the ultimate consignee for 4 Model 234P04H-K2 and 1 Model 232HC-K2 amplifiers for vibration shakers controlled under EAR99. The license applicant was Copley Controls Corp. (Copley), Canton, MA.

¶4. ECO along with FSN Narayan met with R. Siva Kumar (Kumar), Chairman and Managing Director, ZIL.

¶5. Kumar was aware of certain BIS regulations. However, this was the first visit by BIS or USG officials to ZIL. He provided a copy of the ZIL corporate brochure, Copley quotations and ZIL supply orders for five amplifiers. Kumar did not submit a BIS-711 or an end-use statement. However, he did inform Copley through an email as to how ZIL plans to use the amplifiers.

¶6. Per paragraph 11 of reftel, ZIL informed Copley that they are trying to sell their shaker systems to two Indian laboratories, namely, Terminal Ballistics Research Laboratory (TBRL), Chandigarh and Research Centre Imaraat (RCI), Hyderabad. These are two of the fifty-one laboratories/research establishments that operate under the Defence Research Development Organization (DRDO), MOD, GOI. ZIL has no firm orders from either of them.

¶7. Kumar reconfirmed this and stated that although he has no firm orders from TBRL or RCI, he is very likely to get orders from these two DRDO laboratories. He proposes supplying a shaker box to TBRL's new site in Chandigarh for vibration testing of various products. Of the five, two amplifiers will be attached with the shaker box that he proposes to supply to TBRL and two will replace the existing amplifiers at RCI. The remaining amplifier will be used with a shaker box at his facility for various vibration testing purposes.

¶8. Kumar confirmed the stated end-use of installing the amplifiers in ZIL-manufactured shaker boxes. He stated that the shaker boxes are used to test the vibration tolerances of various products. The amplifiers help power motors in the shaker boxes. The amplifiers have necessary protection interlocks to ensure smooth operation of

the vibration system.

¶ 19. Kumar appeared over-anxious and seemed intent on winning over the BIS Team and earning the "BIS Seal of Approval." He repeatedly made reference to "poison pen campaigns" carried out against him over the internet by his competitors. These poison pen campaigns alleged that he was involved in illegal technology transfer. Kumar vehemently denied any involvement in illegal technology transfer. He repeatedly emphasized that the amplifiers in question do not even require a BIS export license. He eagerly volunteered that only at his insistence had Copley applied for a BIS export license. He stated that he did so because he anticipated ultimately supplying the amplifiers to DRDO laboratories and wanted to avoid any appearance of impropriety. ECO and Narayan sensed that Kumar was being deceptive during the interview.

¶ 10. ECO and Narayan were given a tour of the ZIL factory. The BIS Team saw several shaker boxes under construction. Kumar also displayed a shaker box with a German amplifier.

¶ 11. Established in 1990, ZIL is a closely held, small-sized company owned by the Kumar family. ZIL manufactures environmental test chambers, electro-dynamic vibration test systems and centrifuges. It also provides technical service support and offers maintenance contracts for its products. ZIL's customers include leading research and development organizations and manufacturers of defense, space, aeronautical, automobile, telecom and electronic equipment. ZIL has marketing offices in Bangalore, Lucknow and Pune. ZIL employs approximately 150 employees. ZIL's sales turnover for FY-06 was approximately \$18.5 million.

¶ 12. Recommendation: Based on discussions with Kumar, the products on order will form a part of shaker boxes which will be supplied to two GOI-owned laboratories, TBRL and RCI. TBRL is engaged in carrying out research on warhead designs for conventional weapons and RCI is engaged in carrying out research on tactical missile systems such as anti-tank, surface-to-air, and air-to-air. Kumar's business operations appeared legitimate but ECO cannot offer an assessment as to how the products on order would ultimately be used by TBRL and RCI. Based on this fact and Kumar's apparent deceptiveness, the PLC remains unfavorable. (PSCUSHMAN/PNARAYAN) Mulford